

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Priority Mail Contract 113 (MC2015-33)
Negotiated Service Agreement

Docket No. CP2015-43

PUBLIC REPRESENTATIVE COMMENTS ON
POSTAL SERVICE NOTICE OF AMENDMENT
TO PRIORITY MAIL CONTRACT 113

(February 17, 2016)

The Public Representative hereby provides comments pursuant to Order No. 3068.¹ In that Order, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service Notice of a change in the terms of Priority Mail Contract 113.² Attachment A to the Notice consists of a redacted version of the Amendment to Priority Mail Contract 113.

In Order No. 2371, the Commission approved the Postal Service's request to add a new product identified as Priority Mail Contract 113 to the Competitive product list.³ The Amendment revises the annual rate adjustment mechanism, which appears in Sections, I.G. and I.H. Contract 113, as amended, is currently scheduled to expire in approximately 2 years from the effective date of the amendment.

The Postal Service asserts that the Amendment will not materially affect the cost coverage of Contract 113. Notice at 1. The Postal Service adds that as a result, the supporting financial documentation and financial certification initially provided in Docket

¹ Order No. 3068, Notice and Order Concerning Amendment to a Priority Mail Negotiated Service Agreement, February 11, 2016.

² Notice of United States Postal Service of Amendment to Priority Mail Contract 113, with Portions Filed Under Seal, February 10, 2016 (Notice).

³ See Order No. 2371, Order Adding Priority Mail Contract 113 to the Competitive Product List, Docket Nos. MC2015-33/CP2014-43, February 27, 2015.

Nos. MC2015-33/CP2015-43 remains applicable. *Id.* The Postal Service also states that the Amendment will take effect one business day following the day on which Commission completes its regulatory review of this filing. *Id.*

COMMENTS

The Public Representative has reviewed Priority Mail Contract 113 and the Postal Service's Amendment thereto. Based upon that review, the Public Representative recommends Commission approval of the Amendment to Contract 113.

The Postal Service's assessment that the Amendment will not materially affect the cost coverage of Contract 113 is not unreasonable. As filed, the Amendment makes minor adjustments to the calculations used to adjust prices during the final two years of the contract. The Public Representative therefore believes that these changes are not likely to have a material effect on cost coverage of Contract 113. This belief is supported by the fact that Contract 113 covered costs in FY 2015.

In addition, the Postal Service must file revenue and cost data for Contract 113 in future Annual Compliance Reports. This data will permit the Commission to annually review the financial results for Contract 113 in future Annual Compliance Determination (ACD) reports for compliance with 39 U.S.C. § 3633(a).

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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